GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:481
ANSWERED ON:07.04.2017
Global Findex Report
Tharoor Dr. Shashi

Will the Minister of FINANCE be pleased to state:

(a) whether as per the World Bank"s Global Findex Report of 2014, bank account penetration has increased in India and there is a dormancy rate in these accounts of nearly 43 per cent and if so, the details thereof;
(b) whether the Government has maintained an updated revised estimate in this regard and if so, the details thereof and if not, the reasons therefor; and
(c) the steps taken by the Government to ensure reduced dormancy rates in the country in view of promoting less cash economy which depends on increased digital banking?

Answer

THE FINANCE MINISTER

(a) to (c):- A Statement is laid on the Table of the House.

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Statement referred to in reply to parts (a) to (c) of Lok Sabha Starred Question No.*481 (1st Position) for 7th April, 2017 by Dr. Shashi Tharoor, M.P. regarding "Global Findex Report"

(a) to (c) World Bank's Global Findex Report of 2014, based on a sample survey of 3,000 people aged 15 years and above in India, mentions that between 2011 and 2014 account penetration in India increased and estimates a dormancy rate.
Reserve Bank of India guidelines provide that a savings account should be treated as inoperative/dormant if there are no transactions in the account for over a period of two years. In terms of this, identification of an account as inoperative/dormant is a function of the point in time when such identification is made. As on 31st March 2016, public sector banks have reported that 29 percent of the savings accounts of public sector banks and the Regional Rural Banks sponsored by them, were inoperative/dormant.
A variety of factors have a bearing on an account being inoperative/dormant on a given date. These may include factors such as the opening of a new account with change of residence or office, the death of the accountholder, or relative convenience of operating different accounts.
Reserve Bank of India has advised banks to obtain details of new bank accounts to transfer the balance in accounts rendered inoperative due to shifting and find the whereabouts of customers and their legal heirs. Other steps that promote usage of accounts include financial literacy, direct benefit transfer, expansion in effective banking presence through banking correspondents, inter-operability of bank accounts, and introduction of new payment systems that enhance access to bank accounts.
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